

Message Text

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E.O. 11652: N/A

TAGS: US, JA, TECH

SUBJECT: US-JAPAN COOPERATION IN URANIUM ENRICHMENT

1. COPY OF LETTER (DATED SEP 30) FROM TAMAKI IPPONMATSU (ENRICHMENT & REPROCESSING GROUP) TO DR. SEAMANS STATING JAPAN'S BASIC POLICY ON COOPERATION WITH US REGARDING URANIUM ENRICHMENT SERVICES DELIVERED TO SCICOUNS BY RYUKICHI IMAI ON SEP 30. LETTER, WHICH IS BEING AIRMAILED TO DR. SEAMANS, REPEATED BELOW.

2. QUOTE. EVER SINCE THE BEGINNING OF PEACEFUL NUCLEAR POWER DEVELOPMENT IN JAPAN, WE HAVE BEEN RELAYING ON THE U.S. AS THE SOLE SUPPLIER OF URANIUM ENRICHMENT TO FUEL OUR REACTORS. THIS SITUATION WILL CONTINUE FOR SOME TIME TO COME THROUGH OUR EXISTING CONTRACTS WITH ERDA. WE ARE HOPING AND EXPECTING THAT A GREAT MAJORITY OF OUR URANIUM ENRICHMENT NEEDS WILL BE SUPPLIED BY THE U.S. FOR A LONG TIME. OUR POLICY OF RELIANCE ON THE U.S. HAS BEEN CONFIRMED A NUMBER OF TIMES BETWEEN THE U.S. AND JAPAN, SOMETIMES INVOLVING PERSONS OF HIGHEST NATIONAL RESPONSIBILITIES OF THE TWO COUNTRIES. WE HAVE BEEN WATCHING WITH A GREAT DEAL OF INTEREST THE EFFORTS WITHIN THE U.S. TO ESTABLISH A VIABLE URANIUM ENRICHMENT INDUSTRY. WE APPRECIATE IN PARTICULAR THE CLARIFICATION OF POLICY ISSUED BY YOUR PRESIDENT AND EMBODIED IN THE PROPOSED

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NUCLEAR FUEL ASSURANCE ACT OF 1975. WE HOPE THAT SUCH A

POLICY WILL BE ADOPTED BY THE U.S. SO THAT JAPAN'S DESIRE OF CONTINUED RELIANCE ON THE U.S. CAN BE FULFILLED. I WOULD LIKE TO TAKE THIS OPPORTUNITY TO RECONFIRM THE JAPANESE UTILITY INDUSTRY'S POLICY ON THIS MATTER AS WELL AS OUR DESIRE. PARA.

QUOTE. AFTER THE ANNOUNCEMENT OF U.S. ENRICHMENT POLICY IN JUNE, WE HAVE HAD A NUMBER OF CONTACTS WITH PROSPECTIVE ENRICHMENT SUPPLIERS IN THE U.S. AFTER CAREFUL CONSIDERATION, WE CAME TO THE CONCLUSION THAT, AT LEAST AT THIS STAGE, IT IS TOO EARLY TO MAKE SPECIFIC ARRANGEMENTS WITH ANY OF THE PROSPECTIVE SUPPLIERS. I WOULD LIKE TO EXPLAIN SOME OF THE BACKGROUND SO THAT YOU WILL UNDERSTAND THE JAPANESE SITUATION:

A. NUCLEAR POWER GENERATION IN JAPAN IS MEETING WITH VARIOUS PROBLEMS INCLUDING A SHORTAGE OF FUNDS AND ENVIRONMENTAL CONCERN BY THE POPULATION IN GENERAL. THIS IS LEADING TO A REDUCTION IN THE FORECASTED NUCLEAR POWER GENERATION INTO THE 1980'S AND THUS TO REDUCTION IN EXPECTED DEMAND OF URANIUM ENRICHMENT SERVICES. CURRENTLY, OUR UTILITY COMPANIES ARE CONDUCTING A CAREFUL REVIEW OF THE ENRICHMENT DEMAND FOR THE PERIOD AND IT IS THUS TOO EARLY TO STATE ANY REVISED FIGURES. IT WOULD SEEM TO ME, HOWEVER, THAT JAPAN'S NEED FOR ADDITIONAL ENRICHMENT SERVICE BEYOND THOSE WHICH HAVE ALREADY BEEN CONTRACTED FOR WOULD BE ABOUT ONE MILLION SWU/YR BY THE MID 1980'S.

B. UNTIL THE NUCLEAR FUEL ASSURANCE ACT IS APPROVED BY THE U.S. CONGRESS IN A FORM YET TO BE DETERMINED AND UNTIL SPECIFIC CONTRACTS BETWEEN ERDA AND U.S. ENRICHMENT PROJECTS ARE WRITTEN, WE FIND THAT A NUMBER OF IMPORTANT DETAILS WHICH DETERMINE CONDITIONS FOR OUR PARTICIPATION CANNOT BE CLARIFIED. SOME OF THE SPECIFICS REGARDING FINANCIAL TERMS ARE SUCH THAT THEY WILL DETERMINE THE FEASIBILITY OF RAISING NECESSARY CAPITAL BY THE UTILITY INDUSTRIES UNDER THE EXISTING JAPANESE CONDITIONS. PARA.

QUOTE. BECAUSE OF THESE SITUATION I THOUGHT THAT INSTEAD OF BECOMING SPECIFIC ABOUT INDIVIDUAL U.S. PRIVATE PROJECTS AT THIS TIME, I WILL SIMPLY REPEAT JAPAN'S BASIC POLICY OF FURTHER UNCLASSIFIED

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COOPERATION WITH THE U.S. IN OBTAINING FUTURE SUPPLY OF URANIUM ENRICHMENT SERVICES AND STATE OUR SINCERE WISH THAT THE CURRENT ACTIVITIES BY THE U.S. GOVERNMENT WILL LEAD TO CREATION OF ADDITIONAL VIABLE ENRICHMENT SUPPLIERS FROM THE U.S., A CONDITION WHICH WILL ALLOW FOR LONG-TERM ASSOCIATION WITH THE JAPANESE UTILITY INDUSTRY AS A PRACTICAL AND EFFECTIVE PROSPECT. END QUOTE.

3. COPIES OF LETTER ALSO SENT R. DICKEMAN (EXXON NUCLEAR)
AND J. KOMES (BECHTEL).
SHOESMITH

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